

June 16, 2004

All Scheduled Commercial Banks  
(excluding RRBs & LABs) &  
All India Financial Institutions

Dear Sir,

**Annual Policy Statement for the year 2004-05 :  
Guidelines on infrastructure financing**

Please refer to paragraph 1 of the Annex to Circular No. DBOD. BP. 67/ 21.04.048/ 2002-03 dated February 4, 2003 defining the scope of 'infrastructure lending'.

2. In this connection, a reference is invited to paragraph 90 of the annual policy Statement for the year 2004-2005 enclosed to the Governor's letter No. MPD. BC. 249/ 07.01.279/ 2003-2004 dated May 18, 2004 (copy of the paragraph enclosed). On a review, it has been decided to expand the scope of definition of 'infrastructure lending' to include the following projects/sectors :

- (i) construction relating to projects involving agro-processing and supply of inputs to agriculture;
- (ii) construction for preservation and storage of processed agro-products, perishable goods such as fruits, vegetables and flowers including testing facilities for quality; and
- (iii) construction of educational institutions and hospitals.

3. The revised definition of 'infrastructure lending' is furnished in Annex.

Yours faithfully,

(C. R. Muralidharan)  
Chief General Manager-in-Charge

**Extract of Annual Policy Statement for the year 2004- 05**

**" Widening the Scope of Infrastructure Lending**

90. The critical importance of the infrastructure sector was indicated in the annual policy Statement of April 2003. On a review, it is proposed:

- To expand the scope of definition of infrastructure lending to include the following projects/sectors: (i) construction relating to projects involving agro-processing and supply of inputs to agriculture; (ii) construction for preservation and storage of processed agro-products, perishable goods such as fruits, vegetables and flowers including testing facilities for quality; and (iii) construction of educational institutions and hospitals. "

**Definition of 'infrastructure lending'**

Any credit facility in whatever form extended by lenders (i.e. banks, FIs or NBFCs) to an infrastructure facility as specified below falls within the definition of "infrastructure lending". In other words, a credit facility provided to a borrower company engaged in:

- developing or
- operating and maintaining, or
- developing, operating and maintaining

any infrastructure facility that is a project in any of the following sectors, or any infrastructure facility of a similar nature :

- i) *a road, including toll road, a bridge or a rail system;*
- ii) *a highway project including other activities being an integral part of the highway project;*
- iii) *a port, airport, inland waterway or inland port;*
- iv) *a water supply project, irrigation project, water treatment system, sanitation and sewerage system or solid waste management system;*
- v) *telecommunication services whether basic or cellular, including radio paging, domestic satellite service (i.e., a satellite owned and operated by an Indian company for providing telecommunication service), network of trunking, broadband network and internet services;*
- vi) *an industrial park or special economic zone ;*
- vii) *generation or generation and distribution of power*
- viii) *transmission or distribution of power by laying a network of new transmission or distribution lines.*
- ix) *construction relating to projects involving agro-processing and supply of inputs to agriculture;*
- x) *construction for preservation and storage of processed agro-products, perishable goods such as fruits, vegetables and flowers including testing facilities for quality;*
- xi) *construction of educational institutions and hospitals.*